

Message Text

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AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

UNCLAS JIDDA 1051

PASS COMMERCE FOR WANDA ALE

E.O. 11652: N/A

TAGS: BEXP, SA

SUBJECT: PENNSYLVANIA IOGA TRADE MISSION - FOLLOW UP

SUMMARY: PENNSYLVANIA TRADE MISSION (PTM) ACHIEVED EXCELLENT RESULTS FROM STOPS IN RIYADH AND JIDDA. DESPITE NEED FOR FREQUENT SCHEDULING AND RE-SCHEDULING OF APPOINTMENTS, PTM MEMBERS RESPONDED WITH ADMIRABLE PATIENCE AND PERSERVERANCE, THE TWO KEY REQUISITES FOR SUCCESS IN THE SAUDI MARKETPLACE. IMPACT OF MISSION WAS GOOD.

1. ADVANCE WORK BY J. THOMAS ROGERS AND THOMAS MURRAY LAID A SOLID BASIS FOR WARM RECEPTION OF TM BY SAUDI BUSINESS COMMUNITY.

2. LAST MINUTE ARRIVAL OF MISSION BROCHURES AND COMPANY CATALOGS DID, HOWEVER, LEND TO ANXIETY AND REQUIRED MORE THAN USUAL LEGWORK BY EMBASSY STAFF. EMBASSY URGES THAT ALL MATERIAL BE SENT AT LEAST ONE MONTH IN ADVANCE OF MISSION. ADVANCE MAN PRIOR TO ACTUAL MISSION, SHOULD BRING AT UNCLASSIFIED

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LEAST ONE COPY OF RELEVANT CATALOGS.

3. RIYADH - PTM ARRIVED LATE FRIDAY AFTERNOON, JANUARY 30, 1976 AND BEGAIN VISIT TO RIYADH WITH 2 HOURS BRIEFING AT THE INTERCONTINENTAL BY COMATT AFTER DINNER, PTM CONTROL OFFICER DISCUSSED SCHEDULED APPOINTMENTS AS WELL AS PARTICULAR REQUESTS AND NEEDS WITH EACH MEMBER. THIS TIME PROVED INVALUABLE IN RESCHEDULING AND ADDING APPOINTMENTS, AS CONTROL OFFICERS DISCOVERED THAT PURPOSES OF CERTAIN PTM MEMBERS IN VISITING RIYADH AND JIDDA WERE DIFFERENN FROM THOSE DESCRIBED IN PREVIOUS CORRESPONDENCE AND LITERATURE. LACK OF CATALOGS ALSO HAMPERED PLANNING.

4. MISSION WAS ESSENTIALLY DIVIDED INTO TWO GROUPS:

1) SCHNECK, FULTON, BALLAGH & THRALL, BUCHART-HORN AND REED WERE PRIMARILY INTERESTED IN EITHER DIRECT SALES OR AGENCY AND DISTRIBUTOR REPRESENTATION.

2) CAM, AIR PRODUCTS, AMERICAN METER, AND ZURN WERE INTERESTED IN OBTAINING INFORMATION ABOUT THE SAUDI MARKET AND DEVELOPMENT PLANS IN GENERAL, AND THE ROLE THEIR COMPANIES COULD PLAY IN PARTICULAR. HOWEVER, AIR PRODUCTS KEPT AN EYE OPEN FOR AGENCY REPRESENTATION, AND ZURN JOINED GROUP 1 FOR THE JIDDA PORTION OF THE VISIT,

5. ASIDE FROM INDIVIDUAL APPOINTMENTS WITH SAUDI FIRMS IN RIYADH, VISITS WERE ARRANGED WITH THE FOLLOWING GOVERNMENT OFFICIALS: NASR SALIEM, DEPUTY MINISTER OF COMMUNICATIONS; YOUSUF AL-HAMDAN, DEPUTY MINISTER OF COMMERCE AND INDUSTRY; FAROUK AKHDAR, CHIEF OF TECHNICAL AFFAIRS AND CHAIRMAN OF ROYAL COMMISSIONS FOR YANBO AND JUBAIL, MINISTRY OF PLANNING; OMAR DABBAGH, DIRECTOR OF INFORMATION, INDUSTRIAL STUDIES AND DEVELOPMENT CENTER; AND ABDULLAH ALI REZA, DIRECTOR OF INTER-
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NATIONAL MARKETING, MINISTRY OF PETROLEUM AND MINERALS. COMATT ACCOMPANIED ON MOST VISITS TO INTRODUCE MISSION.

6. GROUP BRIEFINGS WERE ARRANGED WITH REPRESENTATIVES FROM BECHTEL, FLUOR, TRIAD INTERNATIONAL AND THE FIRST NATIONAL CITY BANK. ATTENDANCE AT THESE BRIEFINGS AND MEETINGS WITH GOVERNMENT OFFICIALS

WAS LEFT OPEN FOR THOSE INTERESTED. CONTROL OFFICER WAS PLEASANTLY SURPRISED AT HIGH DEGREE OF TEAMWORK AMONG MISSION MEMBERS. IF ONE MEMBER WAS UNABLE TO ATTEND A BRIEFING OR APPOINTMENT HE WAS INTERESTED IN, EXPERIENCED MEMBERS, SUCH AS PAVLIS, WOULD INVARIABLY OFFER TO ASK QUESTIONS ON HIS BEHALF AND DEBRIEF AFTER MEETING.

7. RESULTS OF RIYADH TRIP: AFTER INITIAL CONFUSION RESULTING FROM REDIRECTION OF EFFORTS TO ACCOMMODATE PARTICULAR INTEREST OF PTM MEMBERS SCHEDULE PROCEEDED SMOOTHLY ALTHOUGH TRANSPORTATION PROBLEMS CAUSED HEADACHES THROUGHOUT VISIT.

8. MEMBERS OF GROUP 1 ENJOYED MODERATE SUCCESS IN RIYADH. ONE COMPANY BOOKED SEVERAL TRIAL ORDERS, ANOTHER SOLD SEVERAL PIECES OF EQUIPMENT. TWO OTHERS REPORTED GOOD LEADS FOR POSSIBLE AGENCY/DISTRIBUTOR REPRESENTATION, WHILE ANOTHER RECEIVED REQUESTS FOR QUOTATIONS ON 2 PRODUCT LINES IN EXCESS OF \$250,000.

MEMBERS OF GROUP 2 FELT BRIEFINGS WERE VERY USEFUL IN MOLDING THEIR OPINIONS ON THE SAUDI MARKET AND DEVELOPMENT PLANS.

9. COMPLAINTS: SEVERAL MEMBERS EXPRESSED THEIR DISPLEASURE AT LAST MINUTE SCHEDULING OF APPOINTMENTS. EMBOFF POINTED OUT THAT THIS REFLECTED THE REALITY OF DOING BUSINESS IN SAUDI ARABIA. SUADIS CONTACTED AND RE-CONTACTED WELL IN ADVANCE USUALLY RESPONDED WITH "CALL ME WHEN THEY ARRIVE". MOST SAUDIS DO NOT KEEP APPOINTMENT CALENDERS, AND EVEN IF THEY DID, LAST UNCLASSIFIED

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MINUTE RE-SCHEDULING WOULD BE IMPERATIVE. THIS IS THE NORM FOR ALL MISSIONS VISITING SAUDI ARABIA.

10. ONE DISAPPOINTMENT WAS THE POOR SHOWING AT THE RECEPTION HOSTED BY THE RIYADH CHAMBER OF COMMERCE DIRECTOR GENERAL. ATTENDANCE WAS SPARSE, AND ALL PRM MEMBERS AGREED IT WAS AN ABYSMAL EVENING BUT APPRECIATED THE GESTURE. SALEH TUAIMI, DIRECTOR GENERAL OF RIYADH CHAMBER MENTIONED THAT HE HAD RECEIVED SEVERAL PHONE CALLS FROM INVITEES THAT AFTERNOON. THE CALLERS INDICATED THAT IT WAS NOT APPROPRIATE TO RECEIVE A U.S. TRADE MISSION RIGHT

AFTER THE U.S. GOVERNMENT VETOED THE PLO RESOLUTION AT THE U.N.

11. ARAB-ISRAELI BOYCOTT DISCUSSION PERMEATED ALL MEETINGS WITH GOVERNMENT OFFICIALS, AND SEVERAL SAUDI BUSINESSMEN RAISED THE ISSUE AS WELL. OPINIONS VARIED FROM ONE INDIVIDUAL TO ANOTHER, AND THE ONLY COMMON THREAD AMONG DISCUSSIONS WAS THE HOPE THAT THE ISSUE WOULD NOT SERIOUSLY AFFECT THE FRIENDLY POLITICAL AND COMMERCIAL RELATIONS

BETWEEN THE U.S. AND SAUDI ARABIA. MISSION MEMBERS DID NOT ANTICIPATE THAT THE BOYCOTT WOULD AFFECT THEIR OWN INTERESTS WITH OR IN SAUDI ARABIA.

12. JIDDA: A RECEPTION AT THE COMMERCIAL ATTACHE'S RESIDENCE ATTENDED BY 62 LOCAL BUSINESSMEN OPENED JIDDA PORTION OF THE VISIT. ALTHOUGH IT WAS DIFFICULT IN GETTING INTERESTED SAUDI GUESTS TO TALK TO THE TM MEMBERS MOST IN DEMAND, THE RECEPTION LEAD TO USEFUL CONTACTS AND SUBSEQUENT APPOINTMENTS. WIDE PRESS CONVERAGE OF THE RECEPTION AND MISSION VISIT WAS ACHIEVED.

13. RESULTS: IT IS DIFFICULT TO CALCULATE THE ACTUAL EXTENT OF SALES WHICH WILL RESULT FROM THIS STOP, ALTHOUGH PRELIMINARY FIGURES SHOW THE FOLLOWING: ONE COMPANY HAD FIRM SALES OF \$190,000 WITH UNCLASSIFIED

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POTENTIAL SALES OF AN ADDITIONAL \$500,000; ANOTHER REPORTED AGREEMENT WITH A SAUDI AGENT WHICH COULD LEAD TO \$600,000 - \$ 800,000 A YEAR IN SALES. THE SAME COMPANY MEMBER REPORTED SERIOUS LEADS IN 6 PRODUCT LINES; ANOTHER MEMBER WAS UNWILLING TO BOOK ORDERS, BUT DID FIND SEVERAL STRONG POSSIBILITIES FOR AGENCY REPRESENTATION; ANOTHER MEMBER BOOKED SEVERAL SMALL ORDERS, AND ONE LARGER ORDER CONTINGENT ON AGENCY REPRESENTATION; ANOTHER FIRM REPORTED AN ALMOST CERTAIN AGENCY AGREEMENT WITH A LEADING SAUDI FIRM WHICH WOULD RESULT IN MILLIONS OF DOLLARS OF SALES PER ANNUM. MOST SUCCESSFUL COMPONENT OF MISSION WAS SCHENCK CORPORATION'S REBAR CUTTING AND BENDING MACHINERY WHICH WAS RESPONSIVE TO BUILDING BOOM DEMANDS HERE AND DEMONSTRATED MATERIAL AND LABOR SAVING VALUE.

14. EMBASSY LOOKS FORWARD TO FOLLOW UP REPORTS FROM MEMBER COMPANIES. THE MISSION ESTABLISHED A GOOD BEGINNING FOR ITS MEMBERS, BUT MEMORIES FADE QUICKLY IN SAUDI ARABIA AS NEW COMPETITORS

QUEUE UP IN THE WAKE OF THEIR PREDECESSORS.
RETURN VISITS ARE ALWAYS ESSENTIAL, AND CONTINUED
CORRESPONDENCE IS A MINIMUM REQUIREMENT. COPIES
OF ALL CORRESPONDENCE SHOULD BE FORWARDED TO THE
EMBASSY FOR FOLLOW UP.

15. LEADER OF MISSION F. THOMAS ROGERS, STATED THAT
PENNSYLVANIA WOULD MOUNT NON-IOGA TM LATER IN YEAR.
WISHED TO KNOW EMBASSY FACILITATION FOR SUCH MISSION.
COMMERCE SHOULD ADVISE ROGERS OF FAM 976.1 PRECEPTS
OF NON-IOGA MISSIONS AND THAT POSTS WORKLOAD WILL
PRECLUDE FULL RANGE ASSISTANCE AS GIVEN UNDER IOGA
CONDITIONS.
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